

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:1716
ANSWERED ON:11.03.2008
SICKNESS IN SMALL SCALE UNITS
Kuppusami Shri C.; Oram Shri Jual; Vijay Krishna Shri

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the number of sick micro, small and medium enterprises/units in each State and Union Territory (UT) as on December 31, 2007;
- (b) whether the sickness trend in these enterprises/units has been increasing during the last few years;
- (c) if so, the reasons therefor;
- (d) the number of enterprises/units out of the above sick enterprises/units closed down in the country including Bihar, Madhya Pradesh, Orissa and West Bengal during each of the last three years, State and UT-wise;
- (e) whether any assessment was made by the Union Government on the sickness of these units in various States; and
- (f) if so, the details and steps taken by the Government in this regard?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a): As per the data compiled by the Reserve Bank of India (RBI) from the scheduled commercial banks, the number of sick micro, small and medium enterprises (MSMEs) in the country as at the end of March 2007 (latest available) was 1,32,081. The State/UT-wise number of sick MSMEs as at the end of March 2007 is enclosed at Annexure I.

(b) & (c): As per the data compiled by the RBI from the scheduled commercial banks, the number of sick MSMEs declined from 1,40,337 as at the end of March 2006 to 1,32,081 as at the end of March 2007.

(d): Information on MSMEs closed due to sickness is not maintained centrally. According to the Third All-India Census of the Small Scale Industries (SSIs), 8,87,427 registered units were found closed out of the total of 22,62,401 units registered upto 31 March 2001. The State/UT-wise distribution of these closed units is given at Annexure II.

(e) & (f): As per the Third All-India Census of SSIs (reference year 2001-02) conducted by the Government, the top five States in terms of sick micro and small enterprises (MSEs) were West Bengal, Kerala, Maharashtra, Karnataka and Andhra Pradesh.

Various measures have been taken to facilitate timely identification and rehabilitation of potentially viable sick MSEs. These include setting up of State Level Inter-Institutional Committee in each State under the convenorship of RBI. Further, the RBI has issued detailed guidelines to banks in January 2002 on detection of sickness at an early stage and taking remedial measures, and for rehabilitation of sick MSEs identified as potentially viable. These guidelines include, inter alia, change in the definition of sick MSEs, norms for deciding their viability, concessional finance, etc., with a view to helping the banks in detecting sickness at an early stage and taking corrective action for revival of the potentially viable sick MSEs. In line with the 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' announced by the Government in August 2005, the RBI has issued guidelines in September 2005 to the banks regarding debt restructuring mechanism for SMEs to facilitate restructuring of debt of all eligible SMEs. The RBI has also constituted Empowered Committees at its Regional offices to review various issues relating to SME sector particularly, the progress in SME financing and rehabilitation of sick units.